

# SENATE BILL REPORT

## SB 6455

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As of February 7, 2008

**Title:** An act relating to the Washington state patrol retirement system.

**Brief Description:** Controlling the Washington state patrol retirement system.

**Sponsors:** Senators Haugen, Swecker, Murray, Schoesler, Kauffman, Marr, Shin, McAuliffe and Rasmussen.

**Brief History:**

**Committee Activity:** Transportation: 2/06/08.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Dory Nicpon (786-7321)

**Background:** In 2003 the Select Committee on Pension Policy (Select Committee) replaced the Joint Committee on Pension Policy as the entity responsible for studying pension issues and the financial condition of the state pension system; developing pension policies; and making recommendations to the Legislature regarding changes to the state pension system.

Created in 1998 the Pension Funding Council (PFC) receives recommendations from the Office of the State Actuary (State Actuary) regarding the appropriate member and employer contribution rates for the Public Employees', Teachers', School Employees', and Washington State Patrol Retirement Systems, and periodically adopts pension contribution rates and changes to certain long-term assumptions that affect pension funding. The contribution rates adopted by the PFC are subject to revision by the Legislature.

In 2003 Initiative Measure Number 790 (I-790) created a board of trustees to establish contribution rates and pension policy for members of the Law Enforcement Officers' and Fire Fighters Retirement System Plan 2 (LEOFF2).

**Summary of Bill:** The bill as referred to committee was not considered.

**SUMMARY OF BILL (Proposed Substitute):** The nine member Washington State Patrol Retirement System Board (the Board) is created to manage the Washington State Patrol Retirement System (the Plan) for the benefit of members and beneficiaries of the Plan.

Board members include active and retired members of the Plan appointed by the Governor, an appointee by the Director of the Office of Financial Management, two appointees from the Senate Transportation Committee (one from each of the two largest caucuses), and two

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appointees from the House Transportation Committee (one from each of the two largest caucuses). Providing additional benefits to members and beneficiaries is the Board's priority.

Among other functions, the Board must:

- establish contribution rates, and set economic assumptions;
- establish supplemental rates to pay for additional benefits granted to members of the Plan;
- recommend changes to benefits or the administration of the Plan to the Legislature;
- adopt actuarial assumptions and cost methodologies in consultation with the State Actuary;
- retain professional and technical advisors;
- consult with the Department of Retirement Systems (DRS);
- provide an annual report to the Governor and the Legislature about the funding status of the Plan;
- engage administrative staff in conjunction with DRS, and hire an Executive Director to serve at the pleasure of the Board; and
- render final decisions on adjudicative proceedings arising from administration of the Plan.

The State Actuary must provide actuarial assistance and recommendations about long-term economic financial conditions to the Board. The Board may hire an independent actuary to evaluate or supplement the State Actuary's work for the Board. If the independent actuary and the State Actuary cannot agree, then the Board must appoint a third actuary to review the calculations of the independent actuary and the State Actuary.

Members of the Plan must make contributions based upon the rates established by the Board, regardless of the level of appropriation provided in the biennial budget. Contribution rates established by the Board are subject to revision by the Legislature.

The DRS must provide funding from its budget for the Board to hire staff and an Executive Director. The Board must submit an annual budget to DRS, which DRS must include in its budget request.

The Plan is eliminated from the list of retirement systems for which the Select Committee must study pension issues, develop pension policies, and make recommendations to the Legislature.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** Yes.

**Effective Date:** The bill takes effect on July 1, 2008.

**Staff Summary of Public Testimony:** PRO: The Select Committee is too busy with issues relevant to the larger retirement systems, and will not adequately hear issues pertinent to the Washington State Patrol Retirement System. Between 1947 and 1980, the Washington State Patrol Retirement System was governed by the agency. Since then the small system has been

ving with bigger groups for the attention of the Select Committee. It is vital to the members of the Washington State Patrol Retirement System to have a forum to address pension issues.

**Persons Testifying:** PRO: Tom Pillow, Rick Jensen, Washington State Patrol Troopers Association; Steve Sutton, Washington State Patrol Lieutenants Association.